

EUROPEAN AUSTERITY WITHOUT GROWTH? EUROPEAN GROWTH WITHOUT EUROPEAN DEMOCRACY? HOW EUROPEAN CITIZENS CAN REVIVE THE EUROPEAN PROJECT AND DEFEAT EUROSCEPTICISM

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The European project is facing a crisis. Citizens no longer understand what the EU is about. Young people and the new ruling class have forgotten the clear message of the European project launched just after the Second World War "No wars ever again among Europeans." The founding fathers of the European Union are mentioned in history textbooks, but today Europe is felt as an irritating bureaucracy. In Europe, peace and economic stability are considered as a natural state, a gift from above. Why keep a useless EU alive?

The state of the European Union is swiftly degenerating. In almost all the member states, the anti-European forces are gaining ground. Populism is not a new ideology and is not necessarily European: let's recall Peronism. In today's Europe populism is the new manifestation of nationalism. In Italy the Lega Nord is in Berlusconi's eurosceptic government. In France, the National Front is endangering UMP's hegemony. In Belgium the rows between the Flemish and the Walloons threatens the state's unity. In the Netherlands, Hungary, the Czech Republic, Austria and Finland, populist forces are either in the government or strongly influencing the government.

National-populism is different from the nationalism of the past. De Gaulle's nationalism was an ideology founded on the "grandeur" of France's history and on a certain idea of Europe, which was "l'Europe de patrie", a kind of European unity accepting French leadership in world politics. Today national-populism is a form of micro-nationalism: it opposes the European project but without having a serious alternative. This is why populism is dangerous. Its real goal is not only the breaking down of the European Union but also the disintegration of the old nation states into micro-ethnic states, as what happened in former Yugoslavia.

European populism and euroscepticism are two faces of the same coin. Democratic pro-European parties cannot fight them successfully in the nation-states. Both are the product of the crisis of the European project. The crisis started at the end of the Cold War, because the European Union leaders failed to exploit the favourable occasion of the enlargement to complete the project of the founding fathers. We can recall a certain number of lost occasions. The Maastricht Treaty was an unsatisfactory compromise: a Monetary Union without an Economic Union and Political Union. The European Convention worked out a Treaty-Constitution without establishing a European government. Moreover it did not change the unanimity rule for the ratification process, even though the principle of the double majority of citizens and states was granted in the constitutional

draft-project. So, when the French and the Dutch rejected the Treaty-Constitution with a referendum, nobody noticed that a "minority" of citizens voted against it, while a "majority" had already approved the Treaty-Constitution. Now we have the Lisbon Treaty, which is considered a substitute of the Treaty-Constitution. Meanwhile the political atmosphere has changed. The old generation of people who experienced the tragedy of the world war is no longer involved. The new ruling class is grappling with new problems: international terrorism, the difficulties concerning the enlargement, immigration, the challenges of global economy, the increasingly difficult Atlantic partnership, the inability of Europe to spur growth.

In this new political environment the European Union is considered as a set of institutions useful for national governments,

but not for a long-term project which is worth achieving, the “first assises de la Fédération Européenne” as was stated in the Schuman Declaration. Moreover, the relative power between France and Germany – the old engine of European unity – has changed dramatically. After the War, France was the only European state capable of taking the initiative to unite Europe and it did. Now, after its national unification, Germany is looking for a new world status, both from the economic and the political point of view, as its ambition to enter the UN Security Council shows. So, slowly but resolutely, the Franco-German engine of European integration has turned into a kind of *directoire*. Since the Lisbon Treaty did not solve the problem of the European government, France and Germany started to talk about the need for “European governance”, which according to Mr. Sarkozy and Mrs Merkel should be nothing but the European Council, where the main decisions concerning foreign policy and finances, are taken unanimously. The outcome of this project is that, when the financial crisis burst, the Franco-German *directoire* took the leadership, imposing intergovernmental solutions, outside the traditional “institutional triangle”: the European Parliament, the Council of Ministers and the Commission. According to the Treaty, these institutions must decide on the basis of the communitarian method: the European Parliament and the Council of Ministers co-legislate and the Commission executes (in such a case the Commission becomes the “government” of the Union). On the contrary, the *directoire* excludes the European Parliament almost completely from the decision-making process.

As far as the financial crisis is concerned, without entering into a pedantic account of the decisions taken, suffice it to say that the problem was thus conceived: how much should the virtuous states of the Union pay in order to avoid the failure of the vicious states, the so-called PIGS? In order to do that, the European Stability Mechanism (ESM) was

established, thanks to a change in the Treaty, so that the finances put in the ESM will always be under the control of national governments. This mechanism, together with the European semester, should increase the respect of the rules of national fiscal policies and guarantee the necessary austerity. It is an improvement of the old Growth and Stability Pact (GSP). But it will also perpetuate conflicts among national governments. On the contrary, a solution in line with the European spirit, not requiring a change in the Treaty, was easily available: it would have sufficed to agree to an increase in the European budget (as much as the ESM) providing new “own resources” to the European Union. The Monetary Union is the institution which provides a crucial European public good: monetary stability. If the Monetary Union is in danger, because of mismanagement in some state, this state should comply with the rules agreed upon, but all European citizens, whatever their nationality, should contribute to rescue of the Monetary Union.

The *directoire* scheme is not only inefficient, since it produces weak and provisional solutions to European problems, but also unstable, because when the economy is concerned, Germany takes the leadership, but when the problem requires a military engagement – as has happened with Qaddafi’s Libya – France takes the leadership; it is undemocratic, because it discriminates small countries and excludes the European Parliament (therefore the citizens) from the decision making process: can European citizens or the European Parliament dismiss the *directoire*?; it is harmful, because it would feed the wrong belief that the EU is only an additional instrument for national governments and that greater political unity is not necessary. To conclude, the intergovernmental method and the will to establish a European *directoire* are the true causes of euroscepticism, the revival of nationalism and the rise of populist movements in Europe.

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In spite of the EU crisis, the European project is not dead. The present ruling class is unable to have a “vision” for the future of the European Union, but luckily the original institutions created by Europe’s fathers are wiser. Jean Monnet said: “the life of the Institutions is longer than the life of men, and for this reason institutions can, if they are well planned, accumulate and hand down wisdom to several generations.” This is the case of the European Parliament, an institution already conceived with the ECSC. After its election by universal suffrage, in 1979, the European Parliament has become the only legitimate institution representing the will of European citizens. In fact, since 1979, on the occasion of every change in the Treaty, the European Parliament was able to increase its power. Now, with the Lisbon Treaty, it also has the constitutional power to start the reform of the Treaty. Some recent events show that the European Parliament feels awkward with the increasing lordliness of national governments. It is worth recalling three recent initiatives.

A group of 97 MEPs, members of the EPP, the Greens, the ALDE, and the S&D, has created the “Spinelli Group” – a network open to contributions of civil society – on the basis of a “Manifesto” which states: “Unfortunately, whereas the formidable challenges of a manifold crisis demand common responses, drawn at least at European level, too many politicians fall tempted to believing in national salvation only. In time of interdependence and a globalised world, clinging to national sovereignties and intergovernmentalism is not only warfare against the European spirit; it is but an addiction to political impotence. ... Nationalism is an ideology of the past. Our goal is a federal and post-national Europe, a Europe of the citizens.” For the time being, the Spinelli Group has organised public debates on the occasion of European Council,

proposing a “Shadow Council” as an alternative to the national governments point of view. Of course, its aim is to gain a wider consensus in the European Parliament and in the public opinion in order to relaunch the institutional reform of the European Union.

The second initiative is the reform of the electoral system for the European Parliament. The Constitutional Commission of the EP has already approved, on April 2011, the proposal of the federalist MEP Andrew Duff, to set aside 25 seats for candidates elected through pan-European lists presented by European political parties, starting with the next elections in 2014. This transnational constituency will oblige European parties to present prominent political personalities, well known all over Europe, and with the chance of becoming President of the European Commission, if he/she is elected and if his/her party or the coalition of parties obtain the majority of voters. Every elector will have two votes: one for the national list and one for the transnational list. According to Duff: “MEPs from all the main party groups have reached a strong consensus on the need to reform Parliament. Under the proposed scheme, the next European elections in 2014 will take on a genuine European dimension. The opportunity of using a second vote for transnational MEPs should galvanise voters who have come to recognise that national political parties no longer work to sustain European integration in an efficient or democratic way.”

The third initiative was taken by three MEPs – Jutta Haug (S&D), Alain Lamassoure (EPP) and Guy Verhofstadt (ALDE) – who launched the proposal “Europe for Growth. For a Radical Change in Financing the EU”. Lamassoure is also the President of the Budget Commission of the EP: this proposal should be considered as the necessary complement to the austerity plan of the Council. If the European economy is not able to grow, to create jobs and to compete in the global market, the austerity plan is certainly doomed to failure. As we have already

noticed, at Maastricht the decision to create an Economic and Monetary Union (EMU) was made, but the reality is that only the M leg of the plan was built, the E leg was forgotten. Today we have one European currency for 17 member states, but 17 national financial policies. This asymmetric economic governance does not work, as the crisis of the sovereign debts has shown. The problem is: is an autonomous financial policy for the EU possible? In fact, the EU has its own budget, but its size is only of 1% of GDP and a great part of it is devoted to agricultural policy; moreover it is practically financed by national resources only. The result is that each state requires the “net return” from its payments to the EU, so that at the end of worn out debates among national ministers the European budget becomes an external support to national budgets. The crucial role of the European budget, which should be to provide European public goods, which are not feasible at a national level, is completely denied.

“Europe for Growth” proposes two ambitious goals. The first is to end the system of national contributions, going back to the original idea of genuine European resources. The present budget of the EU can be totally financed by 1% of VAT, a carbon tax and, if necessary, by a financial transaction tax. The second goal is a public investment plan, financed entirely by Project Bonds issued by the EIB. The main reason for such a plan is that “in the last three decades the public investment ratio in the eurozone has declined by more than 1% of GDP. This trend has contributed significantly to making the eurozone a low-growth area. This trend should be reversed. This can be done by a new programme of project bond issues aimed at raising the public investment ratio in the eurozone by 1% of GDP. Since the eurozone GDP amounts to approximately €10 trillion, this means that the new yearly Euro project bond issue of €100 billion aimed at financing public investments should be undertaken.”

One should notice that the size of this plan is three times the Delors Plan of 1993.

The three initiatives are crucial to change the outcome and the meaning of the next European elections in 2014. Since 1979 the turnout has continuously declined from one election to the other. The explanation is simple. Since there is not a clear European policy at stake and there is not a European government the citizens can choose, the European elections turn out to be a summation of national elections. The European Parliament is not considered a crucial institution for the future of the European citizens and, in effect, the European Council, i.e. national governments, takes the main decisions. But, if the citizens can choose, in the European constituency, a European leader who can also become President of the European Commission, and if the main European parties include a Plan for European growth, more public investments and more jobs in their programme, citizens could find a real interest in participating in the European elections. In such a case the newly elected European Parliament must keep the commitment made before the electors. A growth policy cannot be carried out without the active support of the citizens, civil society organisations, political parties and trade unions; in short, a European growth policy is impossible without European democracy.

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The participation of citizens in the European project cannot be limited to European elections. In a democratic community citizens debate public issues daily and either support or blame their political parties and their government. But do a European public space and a European people exist? The fact that eurosceptics were of the opinion that a European public space and a European *demos* did not exist significantly affected the debate on the European Constitution. Now, the Lisbon Treaty offers the opportunity to

overcome that criticism. One million citizens can take the initiative in inviting the European Commission “to submit any appropriate proposal on matters where citizens consider that a legal act of the Union is required.” Of course, also eurosceptic forces can exploit the European Citizens’ Initiative (ECI). Indeed every ECI will spur useful public debates in the EU and provoke a reply from political parties and European institutions. In any case, the ECI can be exploited for fostering European political unity. For instance, an ECI could invite the Commission to provide all the legal acts necessary to implement the proposal of “Europe for Growth.” This initiative can be supported not only by the main European parties, but also by trade unions, European

business associations, local governments, civil society organisations and countless citizens.

In 1989, many citizens gathered together in the squares of Eastern European countries to claim democratic regimes. Today, Arabian citizens are protesting and fighting against their dictators. Every people should find their way and their means to affirm or to put forward more democracy. In the EU there is no dictator to be fought. The enemy of European democracy is intergovernmentalism with its ideological base: euroscepticism. If the proposed ECI is successful, eurosceptics will stop talking about the non-existence of a European *demos* and the way for transforming the EU into a true supranational democracy will be open.